

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

LOUISIANA OFFICE OF FINANCIAL INSTITUTIONS  
BATON ROUGE, LOUISIANA

Written Agreement by and among

FIRST COMMUNITY HOLDING  
COMPANY  
Hammond, Louisiana

FEDERAL RESERVE BANK OF ATLANTA  
Atlanta, Georgia

and

LOUISIANA OFFICE OF FINANCIAL  
INSTITUTIONS  
Baton Rouge, Louisiana

Docket No. 10-170-WA/RB-HC

WHEREAS, First Community Holding Company, Hammond, Louisiana (“First Community”), a registered bank holding company, owns and controls First Community Bank, Hammond, Louisiana (the “Bank”), a state-chartered nonmember bank, and one nonbank subsidiary;

WHEREAS, it is the common goal of First Community, the Federal Reserve Bank of Atlanta (the “Reserve Bank”), and the Louisiana Office of Financial Institutions (the “LOFI”) to maintain the financial soundness of First Community so that First Community may serve as a source of strength to the Bank;

WHEREAS, First Community, the Reserve Bank, and the LOFI have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on August 17, 2010, the board of directors of First Community, at a duly constituted meeting, adopted a resolution authorizing and directing James L. Nelson to enter into this Agreement on behalf of First Community, and consenting to compliance with each and every provision of this Agreement by First Community and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. §§ 1813(u) and 1818(b)(3)).

NOW, THEREFORE, First Community, the Reserve Bank, and the LOFI agree as follows:

**Source of Strength**

1. The board of directors of First Community shall take appropriate steps to fully utilize First Community’s financial and managerial resources, pursuant to section 225.4(a) of Regulation Y of the Board of Governors of the Federal Reserve System (the “Board of Governors”) (12 C.F.R. § 225.4(a)), to serve as a source of strength to the Bank, including, but not limited to, taking steps to ensure that the Bank complies with the Consent Order issued by the Federal Deposit Insurance Corporation (“FDIC”) and the LOFI on April 15, 2010, and any other supervisory action taken by the Bank’s federal or state regulator.

**Dividends and Distributions**

2. (a) First Community shall not declare or pay any dividends without the prior written approval of the Reserve Bank, the Director of the Division of Banking Supervision and Regulation of the Board of Governors of the Federal Reserve System (the “Director”), and the LOFI.

(b) First Community shall not directly or indirectly take dividends or any other form of payment representing a reduction in capital from the Bank without the prior written approval of the Reserve Bank and the LOFI.

(c) First Community and its nonbank subsidiary shall not make any distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities without the prior written approval of the Reserve Bank, the Director, and the LOFI

(d) All requests for prior approval shall be received by the Reserve Bank and the LOFI at least 30 days prior to the proposed dividend declaration date, proposed distribution on subordinated debentures, and required notice of deferral on trust preferred securities. All requests shall contain, at a minimum, current and projected information on First Community's capital, earnings, and cash flow; the Bank's capital, asset quality, earnings, and allowance for loan and lease losses; and identification of the sources of funds for the proposed payment or distribution. For requests to declare or pay dividends, First Community must also demonstrate that the requested declaration or payment of dividends is consistent with the Board of Governors' Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service, 4-877 at page 4-323).

### **Debt and Stock Redemption**

3. (a) First Community shall not, directly or indirectly, incur, increase, or guarantee any debt without the prior written approval of the Reserve Bank and the LOFI. All requests for prior written approval shall contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, and the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

(b) First Community shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank and the LOFI.

### **Compliance with Laws and Regulations**

4. (a) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, First Community shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*), and LSA-R.S. 6:121.4.

(b) First Community shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)), Part 359 of the FDIC's regulations (12 C.F.R. Part 359).

### **Progress Reports**

5. Within 30 days after the end of each calendar quarter following the date of this Agreement, the board of directors shall submit to the Reserve Bank and the LOFI written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof, and a parent company only balance sheet, income statement, and, as applicable, report of changes in stockholders' equity.

### **Communications**

6. All communications regarding this Agreement shall be sent to:

(a) Mr. Steve Wise  
Vice President  
Federal Reserve Bank of Atlanta  
1000 Peachtree Street, N.E.  
Atlanta, Georgia 30309-4470

- (b) Mr. John Ducrest  
Commissioner  
Louisiana Office of Financial Institutions  
8660 United Plaza Boulevard, 2nd Floor  
Baton Rouge, Louisiana 70809-7024
  
- (c) Mr. James L. Nelson, M.D.  
Chairman of the Board  
First Community Holding Company  
600 S.W. Railroad Avenue  
Hammond, Louisiana 70403

**Miscellaneous**

- 7. Notwithstanding any provision of this Agreement, the Reserve Bank and the LOFI may, in their sole discretion, grant written extensions of time to First Community to comply with any provision of this Agreement.
  
- 8. The provisions of this Agreement shall be binding upon First Community and its institution-affiliated parties, in their capacities as such, and their successors and assigns.
  
- 9. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank and the LOFI.
  
- 10. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, the LOFI or any other federal or state agency from taking any other action affecting First Community, the Bank, the nonbank subsidiary, or any of their current or former institution-affiliated parties and their successors and assigns.

11. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 3<sup>rd</sup> day of September, 2010.

FIRST COMMUNITY HOLDING  
COMPANY

By: /s/ James L. Nelson  
James L. Nelson  
Chairman of the Board

FEDERAL RESERVE BANK  
OF ATLANTA

By: /s/ Steve Wise  
Steve Wise  
Vice President

LOUISIANA OFFICE OF FINANCIAL  
INSTITUTIONS

By: /s/ John Ducrest  
John Ducrest  
Commissioner